

A bill for an act

relating to taxation; property; providing a property tax cap for long-term
homeowners age 65 or older; proposing coding for new law as Minnesota
Statutes, chapter 290D.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[290D.01] MAXIMUM HOMESTEAD PROPERTY TAX PROGRAM.**

Subdivision 1. Maximum homestead property tax. The property taxes payable
by a qualified taxpayer on a qualified homestead must not exceed the lesser of (1) the
maximum tax amount determined under subdivision 2, or (2) the amount otherwise
provided by law without regard to the provisions of this chapter.

Subd. 2. Determination of maximum tax amount. The maximum tax amount is
the amount of property taxes payable in the base year, but increased by any tax amounts
attributable to (1) an increase after the base year in the square footage of the dwelling,
(2) the market value of any other improvements made after the base year exceeding 15
percent of the estimated market value of the homestead for the assessment year prior to
the year the improvements are initially assessed, or (3) voter-approved levies exceeding
the amount attributable to voter-approved levies in the base year.

Sec. 2. **[290D.02] DEFINITIONS.**

(a) For purposes of this chapter, the terms in this section have the meanings given
them.

(b) "Base year" means the taxes payable year in which the taxpayer is qualified
and in which the taxpayer has applied to the commissioner of revenue and been initially

approved for the program for taxes payable in the following year by the commissioner under section 290D.04.

(c) "Property taxes payable" means the net property taxes payable on the qualified homestead excluding special assessments, interest, and penalties, and before any refund under chapter 290A.

(d) "Qualified homestead" means the dwelling occupied as the taxpayer's principal residence and so much of the land surrounding it as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivisions 22 and 23, but not to exceed the immediately surrounding one acre of land in the case of homestead property classified under section 273.13, subdivision 23. The homestead may be part of a multidwelling building and the land on which it is built.

(e) "Qualified taxpayer" means a person who meets the program participation requirements in section 290D.03.

Sec. 3. **[290D.03] PROGRAM PARTICIPATION REQUIREMENTS; QUALIFIED TAXPAYER.**

The qualifications for participation in the maximum homestead property tax program are as follows:

(1) the property must be owned and occupied as a homestead in a county that has approved the program by a person 65 years of age or older. In the case of a married couple, both the spouses must be at least 65 years old regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status;

(2) the taxpayer's total household income, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed \$60,000; and

(3) the homestead must have been owned and occupied as the homestead of at least one of the taxpayers for at least 25 years prior to the year the initial application is filed, regardless of whether the property is titled in the name of one spouse or both spouses, or a surviving spouse, or titled in any other way that permits the property to have homestead classification.

Sec. 4. **[290D.04] APPLICATION.**

Subdivision 1. **Initial application.** A qualified taxpayer may apply to the commissioner of revenue for participation in the program. Applications are due on

or before June 1 for taxes payable the following year. A taxpayer may apply in the year in which the taxpayer becomes 65 years old. The application, prescribed by the commissioner of revenue, must include:

(1) the name, address, and Social Security number of the owner or owners;

(2) a copy of the property tax statement for the current payable year for the homestead property;

(3) the initial year of ownership and occupancy as a homestead;

(4) the owner's household income for the previous calendar year; and

(5) any other information the commissioner deems necessary.

Subd. 2. **Approval; notification.** The commissioner shall approve an initial application that qualifies under this chapter and shall notify the taxpayer on or before September 1. The commissioner may investigate the facts or require confirmation in regard to an application.

Subd. 3. **Excess-income certification by taxpayer.** The maximum tax amount does not apply for any assessment year for a taxpayer whose total household income for the previous year exceeds \$60,000. A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by June 1 if the taxpayer's household income for the preceding calendar year exceeded \$60,000. The certification must state the homeowner's total household income for the previous calendar year. Participation in the program under this chapter is not allowed in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision, unless the participant has filed a resumption of eligibility certification as described in subdivision 4. On or before September 1 each year, the commissioner shall notify the county auditor that the homestead no longer qualifies for a maximum tax amount.

Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is \$60,000 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by June 1 of the year following a calendar year in which the taxpayer's household income is \$60,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290D.06. On or before September 1,

the commissioner shall notify the county auditor that the homestead qualifies for the maximum tax amount certified under section 290D.05, subdivision 1.

Subd. 5. Penalty for failure to file excess-income certification; investigations.

The commissioner shall assess a penalty equal to 20 percent of the reduction in taxes in the case of a false application, a false certification, or in the case of a required excess-income certification that was not filed as of the applicable due date. The commissioner shall assess a penalty equal to 50 percent of the reduction in taxes if the taxpayer knowingly filed a false application or certification, or knowingly failed to file a required excess-income certification by the applicable due date. The commissioner shall assess penalties under this section through the issuance of an order under the provisions of chapter 270C. Persons affected by a commissioner's order issued under this section may appeal as provided in chapter 270C.

(b) The commissioner may conduct investigations related to initial applications and excess-income certifications required under this chapter within the period ending 3-1/2 years from the due date of the application or certification.

Sec. 5. [290D.05] CERTIFICATION BY COMMISSIONER; CALCULATION OF TAX, TAX RATE, AND LEVY BY COUNTY AUDITOR.

Subdivision 1. Commissioner certification. On or before September 1 of the year of initial application, the commissioner of revenue shall certify to the county auditor of the county in which the property is located (1) that the property qualifies for the maximum tax amount, (2) the base year, and (3) the property taxes payable on the property in the base year.

Subd. 2. County auditor calculations. Each year, the county auditor shall determine the maximum homestead property tax amount for the property under section 290D.01. This is the amount that must be used for the notice of proposed property taxes under section 275.065, subdivision 3.

Subd. 3. Adjustment of tax rate and levy. (a) If requested by the taxing jurisdiction, the county auditor may estimate the total loss of revenue to the taxing jurisdiction for taxes levied in the current year under this chapter and adjust the tax rate accordingly. If the adjustment to the tax rate is made under this subdivision, in the following levy year the county auditor must adjust the levy of the taxing district to compensate for the amount of variance between the estimated and actual loss of revenues.

(b) If an adjustment is not made under paragraph (a), a taxing jurisdiction may increase its levy in the following year by the amount of any revenue loss under provisions of this chapter as certified by the county auditor.

5.1 (c) A levy adjustment under paragraph (a) or (b) is not subject to any levy limitations.

5.2 Sec. 6. **[290D.06] TERMINATION OF PROGRAM PARTICIPATION.**

5.3 Participation in the maximum homestead property tax program under this chapter
5.4 terminates when one of the following occurs:

5.5 (1) the property is sold or transferred;

5.6 (2) all qualifying homeowners have died;

5.7 (3) the homeowner notifies the commissioner in writing that the homeowner cancels
5.8 participation in the program; or

5.9 (4) the property no longer qualifies as a homestead.

5.10 Sec. 7. **EFFECTIVE DATE.**

5.11 Sections 1 to 6 are effective for taxes payable in 2010 and thereafter.